

Appendix L
Letter from The Hon. Ian Macfarlane MP
Minister for Industry, Tourism and Resources,
Australia



The Hon Ian Macfarlane MP
Minister for Industry, Tourism and Resources

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PARLIAMENT HOUSE
CANBERRA ACT 2600

11 MAY 2005

Lt. Governor Cruz M. Bustamante
Chairman
California State Lands Commission
100 Howe Avenue
Suite 100 South
Sacramento, California 95825
United States

Dear Lt. Governor Bustamante

I am writing to you concerning the application by BHP Billiton for approval of its proposed Cabrillo Port liquefied natural gas (LNG) regasification facility to be located 14 miles offshore of the coast of California.

BHP Billiton has indicated that the Scarborough natural gas field in the state of Western Australia (the Scarborough Field) is projected as a potential source of natural gas for the terminal. I understand that several public comments to the environmental impact statement/environmental impact report (EIS/EIR) being jointly prepared by your agency and the California State Lands Commission for the Cabrillo Port project have questioned whether any gas production operations at Scarborough will negatively impact the environment.

Development of the Scarborough Field and related support facilities must be carried out in accordance with applicable laws and regulations of both the Australian Government (federal) and the State Government in Western Australia. Any activities will be subject to assessment and approvals under the applicable environmental legislative regimes. These include, among others, the *Commonwealth Environment Protection and Biodiversity Conservation (EPBC) Act 1999*, governing matters of national environmental significance, and, under State legislation, the *Western Australian Environmental Protection Act 1986*. The objectives of the Commonwealth's environmental regulatory regimes are to provide for the protection of the environment and ensure that any petroleum activity is carried out in a way that is consistent with the principles of ecologically sustainable development.

The combination of Commonwealth and State legislation provides for a high level of environmental assessment of project activities to promote ecologically sustainable development through the conservation and ecologically sustainable use of natural resources. Before any activity can be undertaken there needs to be a full examination of potential environmental impacts which ensures appropriate mitigation measures are in place to protect conservation values.

In particular, the Commonwealth regulatory regimes provide a thorough and robust assessment process, which is largely mirrored in the corresponding State legislation.

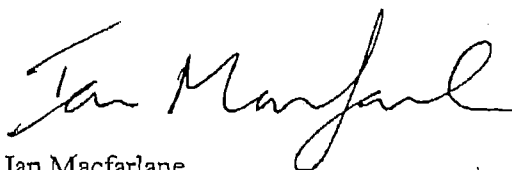
In fact, every natural gas exploration and extraction activity undertaken in Australian waters requires an Environment Plan under federal law. This entails detailed assessments covering all environmental aspects of the proposal and including associated risk assessments; implementation strategies; and, mitigation, monitoring and reporting obligations. Activities that may have a significant impact on a matter of National Environment Significance (particularly threatened or endangered species and the overall marine environment) will be subject to additional specific assessment processes and approval subject to detailed conditions required under the EPBC Act.

You can be assured that LNG-related operations in the Scarborough Field will be closely regulated and any environmental impacts will be mitigated consistent with applicable Australian law. These requirements would apply to all of the LNG-related production operations in Scarborough Field, from gas exploration and drilling/extraction to gas liquefaction and transport within the jurisdictional waters of Australia.

Please do not hesitate to contact me directly or Mr John Hartwell, Head of Division, Resources Division, Department of Industry, Tourism and Resources, phone +61 2 6213 7970 with any questions whatsoever about the development of the Scarborough Fields, including the extensive environmental protections we undertake in connection with natural resources development.

I have written in similar terms to Rear Admiral Thomas H. Collins, Assistant Commandant for Marine Safety, Security and Environmental U.S. Coast Guard.

Yours sincerely



Ian Macfarlane

cc. Mr Cy Oggins
Staff Environmental Scientist
California State Lands Commission